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THE
S T A T E
OF THE
P U B L I C D E B T S
A N D
F I N A N C E S

AT SIGNING THE PRELIMINARY ARTICLES
OF PEACE IN JANUARY 1783.

W I T H
A P L A N
F O R
RAISING MONEY BY PUBLIC LOANS,
A N D F O R
REDEEMING THE PUBLIC DEBTS.

BY RICHARD PRICE, D.D. and F.R.S.

L O N D O N:
PRINTED FOR T. CADELL, IN THE STRAND.
M.DCC.LXXXIII.

W. Musgrave.



INTRODUCTION.

IT will appear from the following Tract, that the last Administration, after Saving the Kingdom by giving it peace, intended to proceed to the introduction of measures for preserving it from the calamities with which its Debts threaten it. This was intimated in the King's Speech, at opening the present Sessions of Parliament; and the King's Ministers, when they were obliged to withdraw from power, had under consideration the plan for this purpose which is laid before the Public in these papers.——The resolutions moved by Mr. PITT in the House of Commons on the 7th of this month, for correcting the defects in the Representation, have informed the Public of ANOTHER ESSENTIAL SERVICE to which they had directed their views.——By such services, could they have succeeded, they would have made themselves the best Ministers this country ever saw; for, compared with these, there are no services of any great consequence to the Kingdom.

INTRODUCTION

IT will be seen from the following Table that the
A. B. C. D. E. F. G. H. I. J. K. L. M. N. O. P. Q. R. S. T. U. V. W. X. Y. Z.
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S E C T I O N I.

STATEMENT of the PUBLIC DEBTS in January 1783; and their INCREASE, and the INCREASE of the ANNUAL CHARGE incurred by them to that Time from Midsummer 1775.

FUNDED DEBT in January 1783.

AMOUNT of the capitals and annual charge, at Midsummer 1775, of the Bank, South-Sea, and East-India Stocks and Annuities, including a million borrowed on pensions, &c. in 1726. All carrying an interest of 3 per cent. in January 1783. (See the particulars in the Second Tract on *Civil Liberty*, p. 119.) — —

PRINCIPAL.

ANNUAL CHARGE, consisting of Interest and Management.

£.	£.	s.	d.
122.963,254	Int. 3.688,897	0	0
	M ^t . - 67,941	0	0

VALUE, reckoning interest at 5 per cent. of 54,900*l.* 14*s.* Exchequer Annuity, of which 8 years were unexpired in January 1783. *Ib.* p. 133.

355.000	Int. - 54,900	14	0
	M ^t . - 1,350	0	0

VALUE, reckoning interest at 5 per cent. of 76,302*l.* 13*s.* Exchequer Annuities, of which 22 years remained unexpired in January 1783 — —

1.004,000	Int. 76,302	13	0
	M ^t . 3,900	0	0

Carried over —	124.322,254	—	3.893,291	7	0
	B				

	PRINCIPAL. £.	ANNUAL CHARGE. £. s. d.
Brought over —	124.322,254	— 3.893,291 7 0
ANNUITIES for lives, with benefit of survivorship, granted by 5 Geo. III. The value reckoned the same with the original sum contributed —	18,000	— 540 0 0
ANNUITIES for lives, with benefit of survivorship, granted in 1693, reduced to five lives in 1755, and to one life in 1782 — — —	1,081	— 1,081 0 0
ANNUITIES on two and three lives, granted in 1694, reduced from 22,633 <i>l.</i> in 1701 to 20,755 <i>l.</i> in 1714, to 17,527 <i>l.</i> in 1727, to 10,944 <i>l.</i> in 1753, and to 8,207 <i>l.</i> in 1782, and then reckoned worth three years purchase — —	24,621	— 8,027 0 0
ANNUITIES on single lives, granted in 1745, 1746, and 1757, reduced in January 1782 to 64,574 <i>l.</i> ; and their value reckoned at ten years purchase — — —	645,740	— 64,574 0 0
LONG ANNUITIES for 99 years, from January 1761, and 98 years from 1762; of which 77 years were unexpired in January 1783, worth at 5 per cent. 19, ⁵³ / ₁₀₀ years purchase —	4.848,322	— Int. - 248,250 0 0 Mt. - 3,491 0 0
TOTAL of the <i>Principal</i> and <i>Annual Charge</i> of the funded debt incurred before Midsummer 1775, and remaining due in January 1783 }	129.860,018	— 4.219,254 7 0
Carried up —	129.860,018	— 4.219,254 7 0

PRINCIPAL. ANNUAL CHARGE.

Brought up — £. 129,860,018 — £. 4,219,254 s. d. 7 0

ADDITIONS since 1775.

In 1776, 3 per cent. stock granted
with the profits of a lottery
to gain two millions —

2,150,000—Int. - 64,500 0 0
M^t. - 1,209 7 0

In 1777, 4 per cent. stock —

5,000,000—Int. - 200,000 0 0
M^t. - 2,812 10 0

Premium annexed (besides the
profits of a lottery, discount
for prompt payment, and half
a year's interest) to obtain five
millions in money—25,000 l.
per ann. for 10 years, worth
in January 1783 (reckoning
interest at 5 per cent.) $3\frac{5}{16}\text{s.}$
years purchase —

88,500—Int. - 25,000 0 0
M^t. - 351 11 0

In 1778—3 per cent. stock —

6,000,000—Int. - 180,000 0 0
M^t. - 3,375 0 0

Premium annexed (besides a lot-
tery, discount for prompt pay-
ment, and half a year's interest)
to obtain 6 millions in money
—147,150 l. 17 s. per ann. for
30 years; of which term 25
years remained unexpired in
Jan. 1783, and then worth at
5 per cent. $14\frac{1}{10}\text{s.}$ years purchase

2,074,827—Int. - 147,150 17 0
M^t. - 2,069 6 0

Also; A life-annuity of 2,849 l.
13 s. reduced in 1782 by
deaths to 2,819 l. 17 s. and
reckoned then worth, at 5 per
cent. 14 years purchase —

39,478 — 2,819 17 0

In 1779—3 per cent. stock —

7,000,000—Int. - 210,000 0 0
M^t. - 3,937 10 0

Premium annexed (besides a lot-
tery, &c.) to obtain 7 millions

Carried over — £. 152,212,823 — £. 5,062,480 s. d. 5 0
B 2

PRINCIPAL. ANNUAL CHARGE.

	£.	£.	s.	d.
Brought over —	152.212,823	5.062,480	5	0
in money—257,181 <i>l.</i> 1 <i>s.</i> 5 <i>d.</i> per ann. for 29 years, of which term 25 years remained in January 1783, worth at 5 per cent. 14 $\frac{1}{10}$ years purchase	3.626,253	Int. - 257,181	1	5
		M ^t . - 3,616	12	2
Also; A life-annuity of 5,318 <i>l.</i> 18 <i>s.</i> 7 <i>d.</i> reduced in 1782 by deaths to 5,276 <i>l.</i> 18 <i>s.</i> 7 <i>d.</i> and reckoned worth (at 5 per cent.) 14 years purchase —	73,877	—	5,276	18 7
In 1780—4 per cent. stock —	12.000,000	Int. - 480,000	0	0
		M ^t . - 6,750	0	0
Premium (with a lottery, &c.) to obtain 12 millions in money —217,500 <i>l.</i> per ann. for 80 years, of which term 77 years remained in January 1783, worth (at 5 per cent.) 19 $\frac{53}{100}$ years purchase —	4.247,775	Int. - 217,500	0	0
		M ^t . - 3,058	11	10
In 1781—3 per cent. stock —	18.000,000	Int. - 540,000	0	0
		M ^t . - 10,125	0	0
4 per cent. stock —	3.000,000	Int. - 120,000	0	0
		M ^t . - 1,687	10	0
Both given (with a lottery, dis- count for prompt payment, and half a year's interest) for 12 millions in money.	21 000 000			
In 1782—3 per cent. stock —	13.500,000	Int. - 405,000	0	0
		M ^t . - 7,593	14	0
4 per cent. stock —	6.750,000	Int. - 270,000	0	0
		M ^t . - 3,796	16	0
Both given (with a lottery, &c.) for 13 $\frac{1}{2}$ millions in money.	20 250 000			
Also; A premium of 118,125 <i>l.</i> per ann. for 78 years, of which term 77 years were unexpired				
Carried up —	213.410,728	7.394,066	9	0

	PRINCIPAL.	ANNUAL CHARGE.
	£.	£. s. d.
Brought up —	213.410,728	7.394,066 9 0
in January 1783, worth (at 5 per cent.) $19\frac{53}{100}$ years purchase — — —	2.306,981	Int. - 118,125 0 0 M ^t . - 1,661 0 0
WHOLE CAPITAL and ANNUAL CHARGE of the funded debt in January 1783 —	215.717,709	7.513,852 9 0
Deduct the capital and annual charge at Midsummer 1775 —	129.860,018	4.219,254 7 0
REMAINS the increase of the funded debt and annual charge attending it from 1775 to January 1783 — — —	85.857,691 (a)	3.294,598 2 0

UNFUNDED DEBT in January 1783.

N. B. By the unfunded debt is meant all expences, deficiencies, and out-standing debts, for paying the principal or interest of which no provision has been made by parliament; and which, were the war to terminate immediately, would be necessary to be provided for in the supplies of the present or some future year.

Navy debt on the 31 st of December 1782, including the transport service — — — —	£.
Army expences in 1782 not provided for, including the vote of credit — — — —	14.207,415
Ordnance expences incurred in 1782, but not provided for — — — —	3.616,795
Ordnance debt out-standing in January 1783 (b) — — — —	819,259
	905,244
Carried over — — — —	19.548,713

(a) The money received has been $57\frac{1}{2}$ millions; that is, $28\frac{1}{2}$ millions (or a sum one half) less than the increase of debt.

(b) See the Duke of Richmond's report to the House of Commons on the estimate of the Ordnance for 1783.

	Brought over	—	—	—	£.
Exchequer bills outstanding (a)	—	—	—	—	19,548,713
Borrowed of the Bank in 1781 on exchequer-bills	—	—	—	—	3,400,000
Due to the Bank on the land-tax	—	—	—	—	2,000,000
Due to the Bank on the malt-tax	—	—	—	—	4,008,984
Deficiencies of the new taxes made good by the sinking-fund in 1782, and to be replaced by the supplies for 1783 (b)	—	—	—	—	909,580
War expences for 1783, including all remains of the war	—	—	—	—	1,000,000
					6,000,000
	Total	—	—	—	36,867,277
					EXPLA-

(a) In 1782 300,000*l.* was borrowed by exchequer bills to pay off a debt on the civil list; but these bills are not included in this account, because both the principal and interest are to be paid by savings in the expences of the civil list.

(b) Deficiency (reckoning no expences of management) from	£.
Easter 1781 to Easter 1782 of the taxes in 1777	68,886
in 1778	163,966
in 1779	65,457
in 1780	38,820
in 1781	134,929
Expences of management	37,793
Total of deficiencies	509,851
Deduct the excess of the taxes in 1776	23,131

Remains the amount at Easter 1782 of the deficiencies of the taxes for paying the annual charges of loans from 1776 to 1781 } 486,720

See the report of the committee appointed by the House of Commons to enquire into and state the annual produce of the taxes granted towards paying the interest of the sums raised by annuities between the 5th of January 1776 and the 5th of April 1782, and the deficiencies thereof.

The amount of these deficiencies may be otherwise made out in the following manner:

The annual charge of loans from 1776 to 1781 was	—	—	—	£.
Deduct the net produce of the taxes for paying this charge for the year ended at Michaelmas 1782	—	—	—	2,488,422
(See an account of the net produce of all the taxes from Michaelmas 1773 to Michaelmas 1782, laid before parliament in April 1783.)	—	—	—	1,866,764
Remains the deficiencies for a year from Michaelmas 1781 to Michaelmas 1782	—	—	—	621,658

It must be here remembered, that one of the funds provided for paying the interest of 12 millions borrowed in 1781, is a saving from the abolition of discounts in the customs. In the former of these accounts it is supposed

EXPLANATION.

The debts to the Bank on the malt and land taxes are the averages of those debts as they stood in January, for four years before 1783.

The taxes for paying the interest of loans from 1776 to 1781, were deficient at Easter 1782, 486,710*l.* The taxes for paying 806,176*l.* the annual charge incurred by the loan of last year (1782), were

posed to bring in the *whole* sum it was taken for. In the latter, it is not included; and, consequently, the last account makes the deficiency too great by a sum equal to the increase of the customs occasioned by abolishing discounts. No distinct account can be kept of this increase. It was taken for 167,000*l. per ann.* and supposing it to have produced this sum, the state of the customs *before* the war, compared with their *present* state, will appear from the following account.

In the year ended at Christmas 1782 there was brought into the exchequer from the additions to the duties of customs since the commencement of the war, consisting of two 5 per cents. and additional duties on tobacco, sugars and wine	£. 821,000
Add the average of the annual payments into the exchequer for 9 years before the war, and ended at 1776	2,524,953

Therefore, the payment at Christmas 1782 <i>should</i> have been	3,345,953
Real payment at Christmas 1781 was	2,712,340
1782	2,780,305
Average to be deducted	2,746,322

Remains the <i>fall</i> in the old duties of custom	0,599,631
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The decrease of trade which this account shews, will appear more remarkably from comparing the drawbacks on exportation, which before the war exceeded *two millions* annually; but at Christmas 1781 were fallen to 742,270*l.* and at Christmas 1782, to 862,000*l.*

The sinking fund has also fallen within the last two years. Its surplusses disposable by parliament (after making good all deficiencies of funds within the year, and receiving from the supplies the sums advanced by it in the preceding year to make good deficiencies) were,

For the year ended October 10, 1781	£. 3,039,024
For the year ended October 10, 1782	2,672,965

The sinking fund at Christmas last, in consequence of having then near half a million in deficiencies to make good, could not satisfy the demands upon it for that quarter; and a necessity arose of anticipating a great part of the surplusses of the following quarter to Lady-day 1783. This is the first time this has happened, except at the preceding Christmas, when also, instead of producing any surplus, the sinking fund proved deficient, but in a less degree.

One of the causes of these declensions has been the distress of the *East-India* Company, and their inability to pay certain duties, now a debt from them to government.

were deficient no less a sum than 539,724*l.* on account of their not having commenced till half a year after the commencement of the interest; and also, on account of the unproductiveness of all new taxes for the first half-year after their commencement.

The preliminaries of peace were signed on the 20th of January 1783; but the usual expences of the war must be continued for some months beyond this time; and it is probable that stating them, as is here done, (including all the remains of the war) at six millions, is much too moderate.

It must be further considered, that there are many debts and arrears and demands for services in consequence of the war, not capable of being at present estimated or even known, which will be called for hereafter.

To the <i>unfunded</i> debt, as now stated	—	—	£. 36.867,277
Add the capital in January 1783 of the <i>funded</i> debt before stated	—	—	215.717,709

Total of <i>funded</i> and <i>unfunded</i> debt in January 1783			252.584,986
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It should be remembered, that the amount of the public debts and incumbrances is here given on a supposition that it will receive no increase by funding that part which is unfunded; but such are our methods of funding, that it must be expected this will make an addition to it of many millions. (a)

From the <i>unfunded</i> debt in Jan. 1783	—	—	£. 36.867,277
Deduct the unfunded debt in 1775,		£.	
consisting of exchequer bills	—	1.250,000	
Navy debt	—	1.850,000	
Debt to the <i>Bank</i> on the land-tax		2.274,054	
Debt to the <i>Bank</i> on the malt-tax		1.696,000	
		<hr/>	
		7.070,054	— 7.070,054

Remains the <i>increase</i> of the unfunded debt from January 1776 to January 1783	—	—	29.797,223
Add the <i>increase</i> of the funded debt before stated	—		85.857,691

TOTAL INCREASE of the public debts occasioned by the war from Jan. 1776 to Jan. 1783	—	—	115.654,914
			Of

(a) Since the above was written the unfunded debt was lessened twelve millions by a loan of this sum on two new capitals, one of twelve millions in the 3 *per cents*; and the other of three millions in the 4 *per cents*. with an annuity of 80,000*l.* for 77 years, worth 1.562,000*l.* so that now the *funded* debt is 232.280,349*l.*—the unfunded, 24.867,277*l.*—the whole debt, 257.147,626*l.*—the increase of the *funded* debt, 102.420,331*l.*—the annual charge of the *funded* debt, including management, 8.083,414*l.*—and the whole increase of debt, 120.216,914*l.*

Of the unfunded debt 25 millions at least must be funded ; and supposing this done at $4\frac{1}{2}$ per cent. and the remainder to bear an interest (payable out of the (a) supplies) at 3 per cent. the account of annual charges attending the public debts will stand as follows :

ANNUAL CHARGE of the funded debt on January 5th,	£.
1783. See p. 5. — — —	7.513,852
Interest at $4\frac{1}{2}$ per cent. on 25 millions to be funded —	1.125,000
	M ^t . 14,061
Interest at 3 per cent. on 11.867,277 $\frac{1}{2}$ being the remainder of the unfunded debt — —	356,018
Total annual charge attending the public debts in 1783	9.008,931
Deduct the interest at 3 per cent. of 7,070,054 $\frac{1}{2}$ being the unfunded debt in January 1776 — —	£. 212,101
Also ; the annual charge before stated of the funded debt in 1775 —	4,219,255
	4,431,356 — 4,431,356
Remains the whole INCREASE of the Annual Charge attending the public debts (funded and unfunded) occasioned by the war from Jan. 1776 to Jan. 1783 }	4.577,575
From this increase deduct the net annual produce of the taxes granted from 1776 to 1781. See note (b) p. 6. —	£. 2.001,702
Also ; the produce of the taxes granted in 1782, supposing them not deficient, management included — —	806,176
	2.807,878 — 2.807,878
Remains the amount of the new taxes necessary to be provided in 1783 and the subsequent years to render the increase of the revenue equal to the increased charges upon it — — —	1.769,697
	SEC-

(a) 1.400,000 $\frac{1}{2}$ l. part of the exchequer-bills included in this remainder, carry interest at 3d. per day, which is equivalent to 4 $\frac{1}{2}$ l. 11s. 3d. per ann.

S E C T I O N II.

SURPLUS of the REVENUE in 1783, supposing
1,769,697*l.* then added to the Taxes.

S URPLUS of the revenue in 1775, land-tax at 3 <i>s.</i> in the pound — — — —	<i>£.</i> 338,759
Lapsed in 1781 by the fall of a capital of 18,986,300 <i>l.</i> from an interest of 4 <i>per cent.</i> to 3 <i>per cent.</i> — —	189,863
Lapsed in 1782 by the fall of a capital of 4,500,000 <i>l.</i> from an interest of 3½ <i>per cent.</i> to 3 <i>per cent.</i> — —	22,500
Lapsed by the deaths of life-annuitants from 1775 to January 1782 — — — —	10,385
Net produce of 1 <i>s.</i> in the pound land-tax — —	450,000
	<hr/>
Surplus required — — — —	1,011,507

This surplus supposes not only that 1,769,697*l.* *per ann.* is to be added to the taxes; but also, that the taxes of 1782 will not, like the taxes which preceded them, prove deficient; and that the land-tax is to be continued at 4*s.* in the pound.

The result here given may be deduced in another way by comparing the whole amount of the revenue in its present state (consisting of the net produce of the land and malt taxes, and all the old and new taxes) with the public expenditure, consisting of the annual charge attending the public debt, the civil list, and the expence of the peace establishment. This will shew a deficiency in the revenue, which, when increased by a million surplus here stated, will give the annual sum necessary to be added to the taxes in order to obtain that surplus.

The average annual expence of the peace establishment (including all miscellaneous and incidental expences, except the expence of calling

calling in the gold coin) had been for *eleven* years £.
immediately preceding the war (a) — — — 3.950,000

N. B. The men voted for the navy were for the *first*,
seven of these years 16,000; and for the four last,
20,000.

Add the income of the civil list	—	—	—	900,000
Also; the annual charge of the public debts	—	—	—	9.008,931
				13,858,931

The net produce of all the old taxes for the year ended at Easter 1782, after deducting 167,000*l.* for the increase of the customs by abolishing discounts, was 7.138,697*l.* Add 2.453,000*l.* (a) for the net

(a) See a particular account of this expence in the second of the two tracts on Civil Liberty, p. 160, &c. The sum given in the account now referred to is 4,122,000*l.* but 100,000*l.* must be deducted, because included in the civil list; and 72,000*l.* must be also deducted, because being a part of the interest of the unfunded debt it is included in the annual charge of the public debt, as here stated.

It is expected that an addition will be soon made to the civil list to defray the expence of an establishment for the Prince of Wales; but I have not included this, because it is not known what it will be.

It is proper I should observe farther here, that the attention of France and Spain and other powers to the improvement of their marine, and the danger of losing that naval superiority on which our existence depends, may render it necessary for us to keep up a stronger naval force than ever; and that for this reason our future peace expences may probably prove greater than ever, notwithstanding the reduction which must take place in our army expences by the loss of Minorca and America.

(a) The annual average for 6 years ended at Michaelmas 1782, of the net produce of the <i>land-tax</i> at 4 <i>s.</i> exclusive of <i>militia</i> , and exclusive also of the interest paid to the Bank for loans upon the <i>land-tax</i> amounting generally to about 4 millions, was	—	—	£.	
				1.923,102
The annual average for 9 years to Michaelmas 1782, of the net produce of the <i>malt-tax</i> , exclusive of the interest paid to the Bank for loans upon it, was	—	—		630,156

Total of the net produce of the malt and land taxes, exclusive of militia and interest of loans upon them	—	—	}	2.553,258
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See the account of the net produce of *all* the taxes from Michaelmas 1773 to Michaelmas 1782, distinguishing each year and the produce of each tax, laid before parliament in April 1783.

net produce, after paying the whole expence of the militia, of the malt-tax and the land-tax at 4s. and 2.807,878*l.* for the produce of all the new taxes, supposing those of 1782 not deficient; and it will appear that the whole present revenue is 12.399,575*l.* leaving a deficiency of 1.459,356*l.* which, when increased by a million, will shew, that in order to gain an annual *surplus* equal to this sum, 2.459,356*l.* must be added to the taxes.

The produce of all the old taxes for a year ended at Michaelmas last, was (after deducting 167,000*l.*) 7.897,307*l.* and this will make the addition just mentioned 1.700,686*l.* (a) agreeing nearly with the first determination.

(a) The account here given is taken from the papers referred to at the end of the last note, and the report of the committee of finance appointed in April 1782.

The net annual produce of all the old taxes (exclusive of land-tax and malt-tax) for four years to Easter 1782, was 7.947,593*l.*

S E C T I O N III.

EXPENCE of the WAR in the Years 1779, 1780,
1781, and 1782.

NAVY. — —	1779	1780	1781	1782
	£.	£.	£.	£.
Voted — —	4.589,069	5.503,284	5.736,277	6.563,283
Exceedings — —	3.178,877	3.514,751	4.145,822	4.388,964
ARMY.				
Voted — —	3.986,944	4.377,696	4.372,322	4.381,363
Exceedings — —	3.418,805	4.443,217	4.436,399	3.616,795
ORDNANCE.				
Voted — —	395,439	458,136	869,302	696,002
Exceedings — —	591,466	447,182	899,723	819,259
Additional debt — —	150,000	150,000	150,000	73,685
Discounts for prompt payment of sub- scriptions to loans }	84,966	101,499	81,706	76,265
DEFICIENCIES				
of the new taxes	577,592	669,080	820,864	1.000,000
American sufferers	60,527	57,910	57,910	73,704
Total expence of the war establishment }	17.033,685	19.722,755	* 21.570,325	21.689,325

EXPLANATIONS and REMARKS.

THERE are some expences properly belonging to the war which are not included in these accounts; such as allowances to the Bank for taking in subscriptions to loans, and the interest paid out of the supplies for the excess of exchequer-bills above their ordinary amount in peace. But I have not stated these expences, because they are partly balanced

* These totals do not include any miscellaneous and incidental expences common to peace and war, which amounted, for six years ended at 1782,
to

balanced by savings on the grants of the war, respite money, and some other inconsiderable receipts accompanying the war, of which I have not thought it necessary to take any particular notice.

The increase of the ordnance debt in the year 1782 was only 73,685*l.* but, as from the beginning of the war to Christmas 1781, it had increased to 831,566*l.* it must, in the three years preceding 1782, have increased much faster; and it is probable that it has been stated too low at 150,000*l. per ann.*

The deficiencies of the new taxes have been taken from the acts for appropriating the supplies, and from the report of the committee appointed to enquire into the state of the finances.—It is proper to consider them as a part of the war expence, because they have proceeded entirely from the war; and, by leaving so much less of the sinking fund applicable to the supplies, they create a necessity of borrowing so much more.

The *exceedings* of the navy expence for every year are the same with the *increase* of the navy debt in that year; which increase is determined by taking the difference between the amount of the navy debt on the 31st of December in one year, and its amount on the same day in the following year. This difference increased by the sum granted to pay off the navy debt is the excess for that year of the navy expence above the grants of parliament.—Thus, the navy debt, including transports, on the 31st of December 1781, was 11,318,450*l.* On the
31st

to 126,772*l. per ann.* exclusive of the expence of calling in the gold coin; and for six years, to 1772, to 106,555*l. per ann.*

SKETCH of a Comparison of the Expence of the four last Years of the last War, with the Expence of the four last Years of the two Wars immediately preceding it.

WAR EXPENCE.		WAR EXPENCE.		WAR EXPENCE.	
<i>£.</i>		<i>£.</i>		<i>£.</i>	
In 1745—	7.137,733	In 1759—	13.403,637	In 1779—	17.033,685
1746—	7.583,227	1760—	14.916,114	1780—	19.722,755
1747—	8.265,582	1761—	16.160,756	1781—	21.570,325
1748—	8.824,775	1762—	16.355,190	1782—	21.689,325
<hr/>		<hr/>		<hr/>	
31.813,317		60.835,697		80.016,090	

This comparison would have been more striking, had it been extended to the wars of King William and Queen Anne. The expence of these wars, though insignificant compared with the expence of our two last wars, distressed the nation unspeakably.—Whence comes our power to bear so enormous an increase of expence?—Certainly, not from the increase of either our people or coin.

31st of December 1782, it was 14.207,414*l.* The difference is 2.888,964*l.* which, added to 1.500,000*l.* the sum granted in 1782 to pay off the navy debt, makes 4.388,964*l.* the *exceeding* in that year (as stated above) of the navy expence above the sum voted for naval services.

In the act of parliament for applying the monies voted for the service of every year, a sum for discharging a part of the *extraordinaries* of the army for the preceding year is always included in the money ordered to be issued for maintaining the army. This sum, therefore, must be subtracted, in order to obtain the grant for the year; and the *extraordinaries* in the act for the *following* year, including that part of them mentioned in it as to be discharged by savings, with a million added for the vote of credit, make the *extraordinaries* for the year.—Thus; in the act for appropriating the supplies of 1781, 7.723,912*l.* 4*s.* is ordered to be issued towards maintaining the land forces, of which 3.351,589*l.* 15*s.* is said to be for farther defraying the extraordinary expences incurred between January 31st, 1780, and February 1st, 1781, and not provided for by parliament. The latter sum subtracted from the former, leaves 4.372,322*l.* the sum granted for the forces in 1781.—In the appropriating act for the next year, 1782, 156,346*l.* the amount of savings and respite money mentioned in it, and also 3.280,033*l.* (part of 7.661,421*l.* 13*s.* granted for the forces) are ordered to be applied to the discharge of the extraordinary expences of the land forces from January 31st, 1781, to February 1st, 1782; which two sums, with a million for the vote of credit, make 4.436,379*l.* the whole amount of the *extraordinaries* of the army for 1781.

In like manner, the exceedings or *extraordinaries* of the ordnance for any given year, are those specified in the appropriating act for the next following year.—The ordnance *debt* is a part of the *extraordinaries* left unpaid from year to year; and which, therefore, accumulates till it comes to be paid off at the end of the war.

These exceedings amount to more than *two fifths* of the whole expence of the war, and are a debt contracted at discretion by the executive power, without the consent or authority of parliament.

S E C T I O N IV.

ESTIMATE of the probable EXPENCE of the WAR,
had it been continued.

THE preceding accounts shew, that in every successive year the expence of the war has increased. Had it been continued, we must have been under the necessity of increasing our exertions to the utmost, in order to balance a *new* force; I mean the force of *Holland*, which must have at last made a formidable addition to the force of *France*, *Spain*, and *America*. We may, therefore, fairly take the expence of the last year (1782) for the lowest probable expence which would have been incurred in every subsequent year of the war. The whole present revenue cannot, with any certainty, be reckoned at more than $12\frac{1}{2}$ millions, as will appear from what is said in p. 11. Let it, however, be reckoned (after deducting 100,000*l.* for the militia) at the annual sum of 13,000,000

Deduct the interest of the funded debt	—	7,513,852	
Interest at 3 per cent. of exchequer bills and debt to the Bank. See p. 6.	—	309,557	
Civil list	—	900,000	
Miscellaneous expences common to peace and war. See the note, p. 13.	—	120,000	
			(a) 8,843,409 — 8,843,409
REMAINS the revenue annually applicable to the war	—	4,156,589	
Which deducted from the expence of the war establishment in 1782	—	—	21,689,325
Leaves the extraordinary annual expence necessary to be defrayed by loans	—	—	17,532,735
			This

(a) There are annual payments out of the aggregate fund to the Dukes of Cumberland and Gloucester, and the representatives of Arthur Onslow, Esq. and the Earl of Chatham, which I have not included in this charge on the revenue: nor have I in any of these accounts included in the receipts which form the revenue the profits of *lotteries*, because I hope our future ministers will be wiser and better than to continue them.

This *extraordinary* expence may be more briefly deduced in the following manner :

WAR establishment in 1782	—	—	—	£.
Deduct PEACE establishment for the navy, army, and ord-				21.689,325
nance before the war. See p. 20. and the note in p. 13.				3.800,000
				<hr/>
Remains the EXTRAORDINARY expence necessary to be				} 17.889,325
defrayed by loans and the surplus of the revenue —				

It appears, therefore, that had the war continued, it would have been necessary to borrow annually 17 millions and a half. Let a million and a half of this sum be reckoned an addition to the unfunded debt; and let the remaining sum (16 millions) be supposed to be borrowed. The last loan of 13 millions and a half sunk the 3 *per cents.* below 54. A loan this year of 16 millions, without the prospect of peace, would undoubtedly have sunk them much lower; and a million *per ann.* would have been added to the taxes, and 25 (a) millions at least (according to the usual modes of funding) to the capital of the public debt. At the beginning of the next year, therefore, the state of our finances would have stood nearly as follows :

The funded debt increased since 1775 from 130 to 241 millions	
The unfunded debt	— from 7 to 39 millions
The annual charge of the debt	— from $4\frac{2}{3}$ to 10 millions <i>per ann.</i>

with a remainder of taxes necessary to be imposed of near two millions *per ann.* (b) in order to render the increase of revenue since 1775 equal to the increase charged upon it.

When I reflect on this account, and consider, that had the war been continued, we might possibly have met with more disasters, and found ourselves under a necessity of continuing it, not for *one* but *two*
or

(a) The addition to the capital would have depended on the scheme adopted for the loan. Supposing it the same with the scheme of 1781, the 3 *per cents.* at 50, and the 4 *per cents.* at 62, a loan of 16 millions must have created a capital exceeding 30 millions.

(b) This sum in p. 9. is 1.770,897 *l.* To this must be added the interest of a million and a half at $4\frac{1}{2}$ *per cent.* added to the unfunded debt. But it must be remembered, that this account supposes one of the greatest improbabilities; namely, the full productiveness of the taxes for 1782, and of those required to produce a million *per ann.* for 1783. Should they prove deficient, (and but half as much so as the new taxes hitherto imposed) the remainder of taxes here mentioned will *exceed* two millions *per ann.* which would make up the net revenue nearly to 16 millions *per ann.*

or *three* or *four* years longer; and when I consider farther, how insignificant the cessions are which have been made to obtain the peace compared with *one* year's expence of the war, and that our ability to support an expence so enormous has no solid foundation, but is derived from a resource precarious, delusive, and dangerous in the highest degree. — When I think of all this, I cannot but *blefs* the makers of the peace, and at the same time *execrate* the opposition to it, as an effect of ambitious intrigue and party rage, which shews the worst kind of political depravity. — Still, however, we are far from being safe. Much hard work remains to be done. If, before another war begins, the revenue is not re-instated, the public debts put into a *fixed* course of payment, and some progress made in reducing them, it is impossible but the *catastrophe* must come towards which we have been for some time advancing. — The King in his speech at opening the present sessions of parliament intimated a hope that some measures would be thought of for this purpose. With a view to the execution of the king's wishes, a plan was prepared; and though a coalition of parties which sickens every honest man, has obliged the ministers who had it under consideration to retire, yet there will be no impropriety in laying it before the public.

S E C T I O N V.

SKETCH of a PLAN for conducting future LOANS,
and redeeming the PUBLIC DEBTS.

BEFORE I enter upon the subject of this Section, it is necessary I should desire the reader's particular notice of the following passage in the king's speech at opening the present sessions of parliament.

"I must recommend to you an immediate attention to the great objects of the public receipts and expenditure; and above all to the state of the public debt.—Notwithstanding the great increase of it during the war, it is to be hoped that such regulations may still be established, such savings made, and future loans so conducted as to promote the means of its gradual redemption by a fixed course of payment." (a)

Thinking that if I was capable of serving the public in *any* thing, it was in executing the design intimated in these words, I drew up the following sketch, and submitted it to the consideration of the king's ministers.

What appeared to be first and most of all necessary to promote the means of redeeming the public debts was the restoration of *peace* :
For

(a) The words following these are,—“I must, with particular earnestness, distinguish for your serious consideration, that part of the debt which consists of *navy, ordnance* and *vittualling* bills. The enormous discount on some of these bills shews the mode of payment to be a most ruinous expedient.”

A plan was communicated from another quarter for carrying likewise into execution *this* part of the king's views; and I have reason to believe, that had the war continued under the direction of the ministers then in power, a saving of near *half* a million annually would have been made by only altering the manner of issuing and paying these bills.

It has already appeared (See the note, p. 5.) that by persisting in the old modes of borrowing, the nation has, during the last war, been made to contract a debt which is one *half* more than the sum received. In like manner, by persisting (and, in both cases, carelessly and needlessly) in the old modes of issuing these bills, the nation has been made to pay a *third* or a *quarter* more than the value for most of the supplies for the navy and ordnance.

For had the war continued, it is too evident that we must have lost not only the means of *redeeming*, but the power of *sustaining* the public debts. Happily for the kingdom, a peace has been obtained; and had the terms on which it has been obtained brought us more within the limits of this island, and eased us more of the expence of *foreign dominion*, I should have thought it only more a blessing to us and to mankind.

What became next necessary, was to procure such a surplus in the revenue as might be capable of being employed with sufficient effect in a plan of redemption. The least that could be thought of was a million *per ann.* and in order to obtain this, I have shewn that it is necessary that the net annual revenue of the kingdom should be raised as high as FIFTEEN MILLIONS, on the supposition that the expences of the civil list and the peace-establishment will be the same they were before the war. There are circumstances in our present situation which give us reason to fear they will be greater; and should that happen, there will be an end of all hopes from plans of redemption; and we may be obliged to have recourse to loans, in order to defray the expences of peace. It is obvious in what this would soon terminate. But let us turn our thoughts another way, and recollect, that the loss of *Minorca* and the liberation of *America* have already produced great savings; and that still greater savings may be obtained by trusting the people with their own defence; by reducing the standing army, that mortal foe to liberty; by reforming abuses; by abolishing useless places and exorbitant emoluments, and establishing a rigid economy in every department of the state. Perhaps by such means our late ministers might have found it still practicable to gain such a surplus as I have mentioned; and supposing it obtained, my design in what follows is to shew in what manner it may be applied, so as to produce the *greatest* effect in the *least* time. — With this view it is necessary first to explain a preparatory measure of great consequence.

In paying off debts with any given surplus appropriated to that purpose, their bearing a *high* rather than a *low* interest is a particular advantage. A million surplus, in the same time in which it would pay off a *hundred* millions bearing 3 *per cent.* interest, will pay off 133 millions bearing 4 *per cent.*; 178 millions bearing 5 *per cent.*; and 241 millions bearing 6 *per cent.* — It was, therefore, proposed that the 3 *per cents.* should be converted into 4 *per cents.* and that future loans should be conducted on a plan which should make them the means of effecting this conversion; and it is very remarkable, that on such a plan, independently of its use as a preparatory measure, loans may be conducted with more benefit to the public, and at the same time with more equity and fairness, than on any other plan.

The truth of this observation will appear from the following account of the plan intended.

At the time this subject was under consideration, the average price of the 3 per cents. was 68, and of the 4 per cents. 86.——In these circumstances, it was proposed that, for 104*l.* in money, the holders of the three per cent. stocks should be offered, in exchange for 100*l.* of this stock, 200*l.* four per cent. stock. Or, in general, that for every capital of 100*l.* or more, which the proprietors of the 3 per cents. should subscribe; double that capital should be granted bearing an interest of 4 per cent. provided the subscription was followed by a payment in money, at the rate of 104*l.* for every 100*l.* stock subscribed.——In this case the interest payable by the public would be 4*l.* 16*s.* 2*d.* per cent. For an interest of 5*l.* (being the difference between the interest of 200*l.* four per cent. and 100*l.* three per cent. stock) would be paid on 104*l.* in money; and this is the same with paying 4*l.* 16*s.* 2*d.* for 100*l.* in money.

It would be necessary, in order to obtain by such a subscription TEN MILLIONS in money, that 9,615,384*l.* in the three per cent. stocks should be subscribed; in exchange for which, a double four per cent. stock would be granted, and, consequently, 19,230,768*l.* added to the four per cents. one half of which would be so much added to the capital of the public debts, and the other half a substitution of one capital for another equal capital.

PROFIT to the SUBSCRIBERS.

In the circumstances supposed, the public would make just an even bargain; for if to the supposed market-price of a three per cent. stock — — — — — £. 68 is added the money advanced — — — — — 104

The total will be — — — — — 172
which is exactly the value, at 86, of 200*l.* four per cent. stock.

The profit to subscribers would arise,

First, From the early commencement of interest on the money advanced: For the money would be paid, by easy installments beginning in March or April, and not to be completed 'till November or December following; whereas the interest would begin, as has been usual in our late loans, at the Christmas preceding.

Secondly, From an addition of an 8th per cent. for seven years to the interest of the new 4 per cents. which was proposed to be granted as an equivalent for a lottery.——Supposing the sum raised ten millions, this would oblige the public in the course of seven years to pay 168,000*l.* in additional interest, which is but little more than the loss in money which the public usually sustains by relinquishing the profits of a lottery.——It might have been very easy to annex a lottery, in the common

mon form, to this loan ; but I wished administration to shew its purity, by discarding these shocking nuisances.

These advantages amount to a profit of near $3\frac{1}{2}$ per cent. on the money advanced, and would probably have been sufficient to invite subscriptions. To the holders of the SOUTH-SEA stock and annuities, (a) it would have been, on account of their low price, near one per cent. greater ; and had only a third of this class of stock-holders accepted the intended offer, the subscription would have been almost full.

This profit, however, had more encouragement been thought necessary, might have been easily increased in any degree by offering to take for the proposed conversion any sum less than 104*l.*—Supposing the sum required 100*l.* the profit to subscribers will be near 8 per cent. the interest will be just 5 per cent. and both the old stock converted and the additional stock created, will be the same with the sum borrowed.

ADVANTAGES to the PUBLIC.

FIRST, A loan on this plan may be easily accommodated to any state of the public funds. For example ; should the 3 per cents. fall to 67, and the 4 per cents. to 85 ; or should the one rise to 70, and the other to 88 ; the payment of 103*l.* for the substitution in the first case, and of 106*l.* in the latter, would give the same profit to subscribers ; and the interest payable by the public for the money advanced would be, in the first case, 4*l.* 17*s.* per cent. and in the latter, 4*l.* 14*s.* 3*d.* per cent.

Secondly, Loans conducted on this plan require no exorbitant premiums ; and the addition they occasion to the capital of the public debts can never be much greater than the sum borrowed.—In the loan of 1781, the addition to the capital of the public debts was 21 millions. The money received was only 12 millions (b). The public,

(a) The amount of the South-Sea stock and annuities, is 25,984,694*l.* and the amount (before the loan in April last) of all the 3 per cents. 169,613,254*l.* including the million borrowed in 1726, on all pensions from the civil list and all payments from the crown, except to the navy and army.

The amount of the 4 per cents. is 26,750,000*l.*

The last loan has increased the former to 181,613,254*l.* and the latter, to 29,750,000*l.*

(b) It was a new doctrine that was advanced by Lord North in opening this loan, “ that the public debt is to be considered only as an annuity, and “ that it does not signify what the capital is.” This was declaring that the debt is never to be paid, and that there is no way of preventing its eternal increase, but by breaking the faith of parliament and forcible reducing the annuity. To this, undoubtedly, we must come, if no plan of redemption can be established ; and when it does come, there will be an end of public credit, and perhaps of all government.

lic, therefore, was bound by this loan to pay at redemption *nine millions* more than it received.—In the scheme now proposed, supposing the subscribers allowed a profit of *8 per cent.* the new capital will be the same with the sum advanced; but, supposing them satisfied with a profit of *4 per cent.* it will be *less* than the sum advanced.—In 1780, a premium consisting of a long annuity, and worth, in present money, (reckoning the improvement of money at *5 per cent.*) *four millions and a quarter*, was granted to obtain a loan of *twelve millions*. In this scheme, all premiums of this kind are avoided, and consequently a saving made of sums equal to their value. A like comparison may be made with all the loans of the last and of former wars.

Thirdly, Loans on this plan will have a tendency to raise the stocks. It is well known that public loans have always produced the contrary effect, by lessening the number of purchasers and increasing the number of sellers of the old funds. But in this case, it would be the interest of stock-holders to retain their stock, and of persons not possessed of stock to purchase, because they could not otherwise share in the benefits of such loans (a).

Fourthly, This mode of borrowing would take government out of the hands of rapacious money-jobbers.—No more would be necessary than to open books at the Bank, and to take the subscriptions of the *3 per cent.* stock-holders without any selection, the stock subscribed being a sufficient security for the subsequent payments. This would prevent all complaints of partiality in the distribution of the loan, and render it incapable of being made an instrument of corruption (b). Nothing, therefore, could be more honourable to an administration, than a loan on such a plan.

In

(a) They would operate also favourably on public credit, by shewing that government kept the redemption of the public debts in view, and did not despair of them.—The common modes of borrowing produce the contrary effect: They confirm the opinion, that the redemption of our debts is impracticable; and, for this reason as well as many others, they have a particular tendency to depress public credit: Nor could any thing be more impolitic or mischievous in a minister, than such language as Lord North's mentioned in the last note. I am sorry to find that the same language has been again taken up in defending the last loan.

(b) In order to obviate some objections which occurred in deliberating on this plan, it was proposed that a *general* notice of it should be given by a resolution of the House of Commons informing the public, "That every person possessed, on the day when the notice was given, of 100*l.* 3 per cent. stock, or any sum not less than 100*l.* and who should subscribe one *half* of it, or any sum not greater than *half*, on days to be appointed afterwards, should, upon his paying such sums, by installments, as should be reckoned a proper equivalent (in calculating which every reasonable advantage should be given to subscribers) be entitled to a stock bearing 4 per cent. interest, double to that which

In short, no one being capable of subscribing beyond the amount of the stock he was possessed of previously to the loan, no *monied* men could monopolize the loan, nor could any *indigent* men solicit shares of it with views of traffic and gain.

Fifthly, The profits of such a loan would be distributed, not among contractors and placemen and others who have profited by the war, but among those stock-holders who, having suffered by the depreciation of the stocks in consequence of the war, have the best right to such profits.

These seem to be very particular recommendations of this mode of borrowing; but the main recommendation of it, and what contributed most to make it an object of attention was, its use as an operation of finance for facilitating and expediting a plan of redemption.—Its importance in this respect appears from what has been already observed in p. 20. But it will be easy to see that it would have favoured a plan of redemption, in several ways not there mentioned.

Had the managers of our affairs carried their views in contracting debts to the payment of them, they could not possibly have adopted the common modes of borrowing. By granting extravagant *premiums* for loans at a low interest on capitals much greater than the sums advanced, they have increased the expence and difficulty of discharging them to a degree which must appear incredible to those who have not considered this subject.—In the course of the late war, from 1776 to 1782, 46.650,000*l.* was added to the 3 *per cents.* (a) and
26.750,000*l.*

“ which he subscribes, and to which particular advantages afterwards to “ be specified should be annexed.”

It would be too tedious to mention the reasons of limiting the right of subscribing to persons possessed of not less than 100*l.* stock, and of allowing them to subscribe only *half* their stock.—The advantages to be annexed to the 4 *per cent.* stock, offered in exchange, will be explained presently.

(a) THREE PER CENT. STOCK

	£.		£.
granted in 1776 at 85	— 2.150,000	worth	1.827,500
in 1778 at 66½	— 6.000,000	—	3.990,000
in 1779 at 60	— 7.000,000	—	4.200,000
in 1781 at 58	— 18.000,000	—	10.440,000
in 1782 at 54	— 13.500,000	—	7.250,000

FOUR PER CENT. STOCK

granted in 1777 at 95	— 5.000,000	—	4.750,000
in 1780 at 74	— 12.000,000	—	8.888,000
in 1781 at 70	— 3.000,000	—	2.100,000
in 1782 at 67	— 6.750,000	—	4.522,500

Totals	— 73.400,000		47.968,000
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26.750,000*l.* to the 4 *per cents.* making in the whole a capital nearly of 73 millions and a half, for which the money advanced was 48 millions. A surplus of a million *per ann.* cannot redeem this capital at *par* in less than 36 years; and, in the course of the redemption, it will be necessary to pay 25 millions and a half (a) more than the sum advanced. Whereas, had the same sum of 48 millions been borrowed at so high an interest as 6 *per cent.* (b) without premiums, on a capital equal to it, the same surplus would have redeemed it in 23 years and a quarter, in which time only 37 millions and a half of the former capital being redeemable by the same surplus, and, consequently, 36 millions (its excess above 37½ millions) remaining at the end of this time unredeemed, a saving of 36 millions would have arisen; besides the long and short and life annuities remaining unexpired after 23 years and a quarter, equivalent to several millions more.

In order, therefore, to establish a plan of redemption sufficiently efficient, it is necessary, by raising the interest of the public debts and adopting other modes of borrowing, to tread back the steps we have gone. One operation for this purpose has been already explained. In order to lay a foundation for farther operations, it was proposed that measures should be taken for giving a higher value to the 4 *per cents.* and this appeared to be practicable, without the least inconvenience or expence, by the following regulations.

In the first place, it was intended with this view, that the 4 *per cent.* capital to be granted this year in exchange for a 3 *per cent.* capital, should, while under *par*, be declared *first* redeemable; but that when above *par*, and when, therefore, its redemption must be attended with loss to the proprietors, it should be *irredeemable* while any part of the old 4 *per cent.* (c) capital continues unredeemed.—

(a) Or 18½ millions, supposing the 3 *per cents.* constantly redeemed at 14½ *per cent.* discount; in which case the term of redemption would be two years and a half less. But the 3 *per cents.* could not continue long at a discount after being put into a fixed and efficient course of redemption. The necessity in these circumstances of redeeming them by offering more for them than the market price, together with the gradual diminution of their quantity, and the return of large sums annually into the hands of the proprietors to be laid out again, must soon raise them to *par*; and it is very unreasonable to borrow on a 3 *per cent.* capital with any expectation of the contrary.

(b) The annual charge, exclusive of management, attending 57½ millions (the whole money received for *stocks* and *premiums* in the seven years from 1776 to 1782) borrowed at 6 *per cent.* would be 3.450,000*l.* The annual charge attending the same sum, as it has been actually borrowed, is 3.242,625*l.*

(c) That is, 26.750,000*l.* See p. 24. It should be remembered, that a stock when under *par* cannot be redeemed, except by purchasing it at a price higher than the market price; and that, consequently, redemptions of stocks under *par* must be always an advantage to the holders.

Such a regulation could not be disadvantageous, because it must be perfectly *indifferent* to the public in what order any debts bearing the same interest are discharged; and it would necessarily raise the price of the new 4 per cents. by removing the very cause which now keeps down the price of a 4 per cent. stock.

The 3 per cents. being at 68, a 4 per cent. stock, in order to bear a proportionable price, ought to be at $90\frac{1}{2}$; and this would be its price, were it considered as no more subject to redemption than a 3 per cent. stock. But, as there was 30 years ago a reduction of 56 millions of the 4 per cents. to an interest of $3\frac{1}{2}$ for seven years, and afterwards to 3 per cent. for ever, it is unavoidable for all who traffic in the funds to look forward to a future measure of the same kind; and they must likewise see, that such a measure will be practicable, should the 3 per cents. ever get to any price higher than 80; for when that happens, it becomes practicable to borrow at a less interest than 4 per cent. in order to pay off any stocks bearing that or any higher interest (a). Hence it is, that about a half per cent. of the interest of a 4 per cent. stock is considered as merely a short annuity; and also, that any advance in the price of the 3 per cents. is not expected to be attended with a proportionable advance in the price of the 4 per cents. or to produce an equal profit hereafter by a sale. — Let then the new 4 per cents. be declared not subject to redemption, except under the restrictions I have mentioned, and they will have a preference given them which must raise their price considerably. For, 26.750,000*l.* being a much larger sum than has been redeemed since the establishment of the sinking fund in 1716; and the public having for this reason no faith in plans of redemption, the effect of the proposed regulation will be the same as if it had made the new 4 per cent. capital irredeemable for ever, except with profit to the holders: And should this happen (that is, should no efficient plan of redemption be established) no evil will follow which would not have equally followed had there been no such regulation; but should it *not* happen, the public will be unspeakably benefited by proceeding on the following plan.

TEN MILLIONS borrowed this year in the manner I have explained would have added 10 millions and a quarter to the capital of the 4 per cents. one half of which would have been an old 3 per cent. capital. — Let us suppose that next year the 3 per cents. will be at 70; and, consequently,

(a) Reductions of interest are some of the most dangerous temporary expedients. They only postpone calamities by accumulating them, and rendering them less possible to be avoided. To them we owe those pernicious modes of borrowing, of which so much has been said in these papers; and that vast weight of artificial debt, which, if our debts are ever redeemed, must be discharged with money, though no money has been received for it.

frequently; that the old *4 per cents. redeemable at pleasure*, will be at 89. The new *4 per cents.* were they to bear a price proportionable to the price of the *3 per cents.* would then be at 93½. But I will suppose the advantages annexed to them to raise them no higher than 91. In these circumstances, a loan might be obtained by granting, in exchange for 100*l.* *3 per cent.* stock and 66*l.* 10*s.* in money, 150*l.* (a) *4 per cent.* stock not redeemable (except when under *par*) 'till the redemption has been completed of all the *4 per cents.* previously created, amounting to *forty-six millions (b).*

The interest payable by the public for the money advanced will, in this case, be very nearly 4½ *per cent.* and a capital in the *3 per cents* one half more than the sum advanced, will be converted into a *4 per cent.* capital; and a capital, bearing the same interest, a *quarter less* than the sum advanced, will be added to the public debt.

After borrowing or funding ten millions this year, there would have remained, it has been shewn, a debt of 28 millions to be provided for; and supposing *fifteen* millions of it borrowed or funded in the course of the next and the following years on these terms, *twenty-two millions and a half* of the *3 per cents.* will be converted into *4 per cents.* and a new capital of *eleven millions and a quarter*, bearing this interest, will be created (c); in consequence of which the *4 per cent.* stocks will be increased to 80 millions nearly, and an addition of twenty-one millions (which is, four millions less than the sum borrowed) will be made to the public debts.

Thus

(a) To	—	£. s.	supposed value of 100 <i>l.</i> <i>3 per cent.</i> stock.
Add	—	70 0	in money.
		66 10	
Total		136 10	value of 150 <i>l.</i> <i>4 per cent.</i> stock at 91.

(b) To	—	£.	See p. 21.
Add	—	19,230,768	See p. 24.
		26,750,000	
Total	—	45,980,768	

(c) If 66*l.* 10*s.* in money produces 150*l.* *4 per cent.* stock, of which 100*l.* is an old *3 per cent.* and 50*l.* an additional stock; *fifteen millions* in money will produce 33,834,586*l.* of which 22,556,391*l.* will be an old, and 11,278,195*l.* an additional stock.

To 11,278,195*l.* add 9,615,384*l.* before created, and 20,893,579*l.* will appear to be the additional stock created in borrowing 25 millions.

To 33,834,586*l.* add 19,230,768*l.* (See p. 21.) and 26,750,000*l.* old *4 per cents.* and the total 79,815,354) will be the amount of the *4 per cents.* after borrowing on this plan 25 millions.

Thus would these loans have promoted the means of redeeming the public debts;

First, By a great saving of capital; and

Secondly, By raising the interest of a considerable part of the old debts.

But a great deal more might have been done on the same plan.

For let us reckon, that three or four years hence (in consequence of such a mode of borrowing as that now explained, the commencement of a course of redemption, and the prospect of a *permanent* peace) the 3 *per cents.* would have been raised to 75. I reckon it more than probable, that the new 4 *per cents.* would be then at *par* (a). The regulation limiting redemption to them while under *par* would have a particular tendency to raise them soon to this price, supposing a course of redemption begun. - I will, however, reckon them no higher, when the 3 *per cents.* are at 75 (and when, therefore, they ought to be at 100) than 98. In this state of these funds, the following operations would, with advantage to the proprietors and yet without expence to the public, convert 138½ millions (the remainder of the 3 *per cents.*) into 4 *per cents.* and, at the same time, cancel a considerable part of the capital.

The 3 *per cents.* being, as just supposed, at 75, and the 4 *per cents.* at 98, (that is, the difference of price being 23l.) it may be reckoned that 22l. (payable by easy installments) will be readily given for a conversion of 100l. *three per cent.* stock into 100l. *four per cent.* stock, not redeemable (except when under *par*) 'till after the redemption of all the 4 *per cents.* then existing and amounting to 80 millions. In this case, an interest of 4l. 11s. *per cent.* would be made of the money advanced, when only 4 *per cent.* could be made by purchasing 3 *per cents.* The principal also, with 4½ *per cent.* over, would be recoverable at any time by a sale, supposing the stocks not to fall.

Let a million be supposed to be procured in this way, and as soon as received let it be employed in paying off old debts. The consequence will be, that a capital of 4,545,000l. will be changed from an interest of 3 to 4 *per cent.* and a capital, or debt, of at least a million cancelled. 45,450l. (the difference between the interest of 4,545,000l. at 3 and at 4 *per cent.*) will be added to the interest of the converted capital; but at the same time an equal annuity might be made to re-
vert

(a) In order to give this new 4 *per cent.* stock the highest value possible, I could not help once proposing, that all possessed of 100l. or more of it, should be entitled to all the rights of *free-holders*. This would have raised its price above that of a 3 *per cent.* stock; and, consequently, made the operation here proposed particularly easy and advantageous.

vert to the public by employing (a) the sum received in discharging other capitals.

By repeating these operations, and borrowing, instead of a million, three or four millions annually, all the 3 *per cents.* (b) might, in the course of a few years, be converted into 4 *per cents.* and at the same time a capital of THIRTY-FOUR (c) MILLIONS cancelled. And thus, a series of operations would cost nothing, by which thirty-four millions of the public debt would be discharged, and also 133 millions rendered redeemable with a million surplus in the time in which otherwise only a *hundred* millions could have been redeemed. See p. 20.

. In consequence of these operations, the funded debt (after funding 25 millions and deducting THIRTY-FOUR MILLIONS cancelled in the manner just explained) will consist of 183 millions nearly, bearing 4 *per cent.* interest; which capital a fund of a million *per ann.* would cancel in FIFTY YEARS from the present time, supposing the short and exchequer annuities to fall into it (d) at the expiration of the terms for which

(a) It might be easily shewn, that any sum, procured in the way here supposed, might be so employed as to cause an annuity, equal to the difference of interest between the *old* and the *converted* capital, to revert to the public. But I will only observe, that the long and the short annuities are always undervalued in the Alley; and that, by purchasing them for the public gradually and silently, great advantages might be obtained in executing a plan of redemption.—Should, however, the extinction, in this way, of *every* single million, and the conversion of *every* four millions bring upon the public an additional annual charge of 4000*l.* or 5000*l.* the expence would be nothing to the gain.—The 3 *per cents.* being above 80, the improved 4 *per cents.* might perhaps rise above 107; and, in these circumstances, the measure here proposed would, besides other advantages, *gain* for the public a clear annuity, which would be more or less as the two stocks were more or less above these prices.

(b) Much does not depend in this scheme on the conversion of *all* the 3 *per cent.* annuities into 4 *per cent.* annuities. Should only the *greater part* of them be so converted, gradually in a course of years as opportunities may offer, the only difference will be, that the periods of redemption hereafter mentioned will be lengthened two or three years.

(c) Should the conversion of *every* four millions bring in a million; and should this million be capable of cancelling a capital only equal to itself, the total cancelled by the conversion of 138 millions will be $34\frac{1}{2}$ millions; and this total will be more or less as more or less is given for the conversion. Should the 3 *per cents.* ever rise to 86, it is not improbable but that, under the management proposed, $27\frac{1}{2}$ *l.* would be given for the conversion of 100*l.* (that is, 1,100,000*l.* for the conversion of four millions) and at this rate the conversion of 138 millions would be the means of cancelling at *par* 38 millions.

(d) The *exchequer* and *short annuities* amount to 560,535*l.* of which 25,000*l.* will revert to the public four years hence; 54,900*l.* 14*s.* 6*d.* eight years hence; 76,302*l.* 13*s.* 2*d.* twenty-two years hence; and 494,332*l.* twenty-five years hence.

which they have been granted. But had the usual modes of borrowing been followed, and no plan adopted for raising the interest of the 3 *per cents.* the funded debt, exclusive of the values of the long and short annuities, would have consisted of two hundred and thirty-two millions and a half nearly; of which sum 32 millions would have borne an interest of 4 *per cent.* and 200½ millions an interest of 3 *per cent.* and the fund just mentioned could not, in the same time, have discharged (a) more of this debt than 162 millions, leaving 70½ millions bearing 3 *per cent.* unredeemed, and a necessity of advancing, in order to complete the redemption, near eighty millions more than the plan here described requires, which therefore makes a saving equal to this sum (b).

If, at the end of 20 years, a million *per ann.* is supposed to be taken off, in order to give the public some relief from taxes, the time of redeeming the whole debt will, on the preceding plan, be lengthened to 59 years; and if another million *per ann.* is supposed to be taken off at the end of 40 years, and a *third* million at the end of 60 years, the term of redemption will be lengthened to 64 years. But on the first of these suppositions, only 155½ millions; and on the second, only 146 millions could in the same time be redeemed of a debt consisting of 32 millions bearing 4 *per cent.* and 200½ millions bearing 3 *per cent.* interest, leaving the public under a necessity of advancing, in order to complete the redemption, 91 millions in the one case, and 104 millions in the other, more than the plan here described requires.

This plan is capable of expediting still more the redemption of the public debts by the gradual introduction of measures (after converting the

(a) TWENTY-FIVE MILLIONS of the unfunded debt, supposing them funded (without long or short annuities) on the plan of the loan of 1781, would (reckoning the 3 *per cents.* at 67 or 68, and the 4 *per cents.* at 85 or 86) make a capital of thirty-one millions in the former stock, and five millions and a quarter in the latter.

The public funded debt consisted, before					£.
	the last loan, of	—	—	—	26.750,000 at 4 <i>per cent.</i>
And	—	—	—	—	169.613,254 at 3 <i>per cent.</i>
Add	—	—	—	—	5.250,000 at 4 <i>per cent.</i>
And	—	—	—	—	31.000,000 at 3 <i>per cent.</i>
Total, after funding 25 millions					— 232.613,254

(b) If we suppose the 3 *per cents.* constantly discharged (not at *par*, as is here supposed) but at 85½, the fund here mentioned would in 50 years discharge 194½ millions, leaving 38 millions unpaid. But it should be remembered, that there is no reason to expect that the 3 *per cents.* would continue redeemable under *par*, for any long time after a plan of redemption has begun to diminish them.

the 3 *per cents.* into 4 *per cents.*) for converting the 4 *per cents.* themselves into stocks bearing a still higher interest.

But I will proceed no further. Enough has been said of a plan which is now no more likely to be an object of the consideration of our ministers. The loan of the present year has been obtained on a plan which is inconsistent with it; and which, like most former loans, by increasing the difficulties attending the redemption of our debts, holds forth this to the public as an object concerning which no hope is entertained, and to which our ministers pay no regard. Loans so conducted must depress public credit, and in time totally overwhelm it (a).

Discouraged

(a) This loan bore immediately a profit of 7 *per cent.* I should not have thought this too great a profit had it been the consequence of offering liberal terms to secure success, in the first instance, to such an operation of finance as has been here proposed. But, in other circumstances, it is very exorbitant.

On April 16th, the day it was announced to parliament, the 3 *per cents.* (deducting the growing interest) were at 67 and the 4 *per cents.* at 86. — For 12 millions in money were given

	£.
Three <i>per cent.</i> capital — — — —	12.000,000
Four <i>per cent.</i> capital — — — —	3.000,000
Annuity for 77 years—80,000 <i>l.</i> worth at 5 <i>per cent.</i>	1.560,000
Profits of a lottery consisting of 48,000 tickets —	150,000
Advance of half a year's interest — —	280,000
	<hr/>
	16.990,000

According to the plan proposed in these papers the same sum would have been borrowed at nearly the same interest on a capital half a million less than the sum borrowed without any long or short annuity, and consequently, a saving would have been made of five millions, besides the advantage gained of rendering a considerable part of an old capital as well as the new more easily redeemable.

In such a loan, for 100*l.* 3 *per cent.* stock at 67 and 105*l.* in money, making a value equal to 172*l.* would have been granted 200*l.* four *per cent.* stock at 86, making also a value equal to 172*l.*

The interest payable by the public would have been 5*l.* for every 100 guineas advanced; that is, 4 $\frac{1}{2}$ *per cent.* *per ann.* nearly.

For 12 millions in money there would have been granted 22,853,333*l.* 4 *per cent.* stock, one half of which would have been an old 3 *per cent.* stock converted, and the other half (that is, 11,426,666*l.*) a new stock.

The profit to subscribers would have been regulated in the manner specified in p. 21. &c. nor, in my opinion, would any profit necessary, in this case, to allure subscribers, be exorbitant.

Discouraged by these considerations, I have studied brevity, and contented myself with mentioning, in several instances, only general results in the nearest round numbers, without aiming at a precision which could answer no purpose.

It was the plan now laid before the public that the EARL of SHELBURNE had in view when, on the 5th of May last, he moved the following resolution in the House of Lords.

“ That it is the opinion of this house, that all future loans should be conducted in the manner which may best conduce to the reduction of the national debt, or which may at least not obstruct such a reduction, but rather manifest the intention of government to proceed in time to such reduction (a).”

This resolution has been treated as *nonsense*, and the House of Peers itself charged with a degree of *ignorance* on such subjects which unfits it for coming to any resolutions about them.

All impartial persons must see this censure to be misplaced; and instead of approving it, they will, probably, lament that a resolution so proper was not carried, and made a rule for conducting all future loans.

Our late ministers have likewise been censured for not bringing on the loan of this year in the intermediate weeks between the vote of the House of Commons condemning the *peace*, and their resignation. The truth is, that immediately upon this vote all thoughts of this plan were abandoned; because it was obvious that the two parties then united, and both hostile to reformation, would suffer no steps to be taken towards carrying it into execution.—The late ministry might, indeed, in these circumstances have brought on, with some hopes of success, a loan on the common plan; and, by making it an instrument of influence, have aimed at preserving themselves in power. But it does them unspeakable honour, that they were above all such attempts.

Several plans, very different from that now proposed, have been offered to the treasury for the payment of the public debts.—Two of these I will just mention.—One proposes to pay off 67 millions in 50 years, and 200 millions in 99 years, by drawing out of the *sinking* fund, during the first of these terms, 20.803,500*l.* besides five millions to

(a) The following resolution was also moved by Lord Shelburne at the same time—“ That it is the opinion of this house, that whenever it shall be thought expedient, in negotiating a public loan, to deal with individuals, and not on the foot of an open subscription, the whole sum to be raised shall be borrowed of or taken from such individuals without reserve of any part of it for the future disposal of any minister.”

to be procured in the first six years by a method which the proposer conceals (a).

The other is a proposal to convert the interest of the public debts into an annuity for a given term; the consequence of which would be the annihilation of them by *time*, without any farther management (b). Let the term be supposed the same with that of the long annuity; that is, 77 years. The market price of this annuity, without the payment due upon it, is now (May 8th, 1783) 20 years purchase, and the 3 *per cents.* are at 67. In these circumstances, it is not to be expected that any considerable number of the owners of the 3 *per cents.* can be induced to change them for the annuity, without being offered $3\frac{1}{2}$ of the latter for every 100*l.* of the former. A surplus, therefore, of a million *per ann.* payable for 77 years, would convert a capital of 200 millions in the 3 *per cents.* into an annuity of seven millions for 77 years. But, probably, in executing such a scheme the increase of the *annuity* and decrease of the *stock* would so reduce the one and raise the other, as to render a million *per ann.* an appropriation very insufficient. The plan in these

(a) I have mentioned this plan because it was said, that it had been before communicated to Lord North and Lord John Cavendish; and that they had expressed a favourable opinion of it. It is probable that the proposer is now renewing his applications to them; and, therefore, I will just observe, that a million *per ann.* drawn out of the sinking fund for 20 years, (that is, an expence in the whole of only 20 millions) will, if applied *first* to the redemption of the 4 *per cents.* (amounting since the late addition to $29\frac{1}{2}$ millions) and afterwards to the redemption of the 3 *per cents.* at *par*, pay off 86 millions in 50 years; and, in 99 years, FOUR HUNDRED MILLIONS—And that the same sum drawn out of the sinking fund in 40 years (that is, *half* a million *per ann.*) will, if applied in the same manner, pay off 66 millions in 50 years; and, in 99 years, THREE HUNDRED AND FIFTEEN MILLIONS.

(b) This is a strong recommendation of this proposal; but it is too probable that some future ministers, or parliaments, would defeat the operations of time by changing back the annuity into a perpetuity. The temptation to this in a time of public exigency would be too great to be resisted. TWO FIFTHS of the short annuities might be *now* saved by changing them into 3 *per cent.* annuities; and had there been enough of such annuities to make it practicable during the last war to gain a saving of two or three millions *per ann.* by such a measure, it would probably have been adopted without regarding its future consequences; for we have long learnt, in matters of finance, not to regard futurity when any *present* advantage can be obtained.—In the year 1720 there was an addition of three millions to the capital of the perpetual annuities, by changing into perpetuities certain short and long annuities, some of which (had not this been done) would have been extinct 40 years ago, but are now a part of the *South-Sea* annuities.

these papers effects much more in *less* time, and at a much *less* expence. It converts the whole annual charge attending a debt of $232\frac{1}{2}$ millions into an annuity for 50 years, at the expence of a million *per ann.* for that time, without depending on the consent of the public creditors. Supposing the appropriation to cease at the end of 20 years (that is, supposing only 20 millions advanced) it will convert the same annual charge either into an annuity for 59 years; or a *million* of it into an annuity for 40 years, *another* million into an annuity for 60 years, and the remainder into an annuity for 64 years; and the whole progress of the scheme will be attended with the inestimable advantages arising from an annual distribution among the public creditors of large sums increasing gradually from a million to six or seven millions *per ann.* to be employed in commerce, or in loans to government should future wars render them necessary, or in purchasing such of the old stocks as should happen to be unredeemed. Paying every year must have the same effect in *raising* the funds, that borrowing has hitherto had in *sinking* them.

A writer, whose good sense and public spirit I admire, has lately published a *Proposal for the liquidation of the national debt, the abolition of tithes, and the reform of the church revenue.*—This proposal, as far as it respects the national debt, is in substance, that all the proprietors of real estates, including stock-holders, should give up 16 *per cent.* of their annual incomes to pay the annual charge of the public debts.

The reduction of income would be compensated to every one by an abolition of taxes equal to it. No taxes would remain, except such as would be necessary to defray the expences of the civil list and peace establishment; and there would be a vast mass of dormant taxes always ready for renewal, to defray the expences of a war whenever it should become necessary; and thus, as the author speaks, that monster of the age, the national debt, would be annihilated; and at the same time we should be furnished with a resource certain and inexhaustible, which would keep the world in awe, and enable us to fight any enemy to the end of time without incumbering ourselves in future with a shilling of debt.

I cannot help adding, that some proposals and calculations on the subject of the National Debt may be soon expected from Mr. BARON MASERES, which I doubt not will greatly deserve the attention of the public.

It is a common apprehension, that the redemption of the public debts is now become impracticable, and that it is vain to think of forming plans with a view to the accomplishment of a project so hopeless. This is now the language of some of our ministers; and it is carrying us fast towards the gulf of bankruptcy. Our late loans ad-
mit

mit of no other vindication ; but it is inexcusable in the persons who have conducted these loans to vindicate them on such ground ; for, if indeed the redemption of our debts is become impracticable, it is owing more to the *mode* of borrowing than to the *necessity* of borrowing. I am, however, in hopes that the proposals in these papers may shew that, notwithstanding the difficulties created by these loans, the redemption of our debts is not quite so impracticable as it may seem ; and that still we might have stood some chance for being extricated from them without any convulsion had that change of measures respecting them taken place which was promised in the king's speech.

In short ; either we are able to meet another war, or we are not.—If not, we shall probably in a little time be no more a nation.—If we are, we must likewise be able to establish a plan of redemption ; and the consequence of establishing it, will be that we shall be *more* able.

The greatest difficulty in executing such a plan (next to that of obtaining a sufficient fund) is the difficulty of securing the inviolable application of the fund in *war* as well as in *peace*. The efficacy of a fund for discharging public debts depends entirely on this ; and the folly of ever diverting it to other purposes has been shewn at large in the *Appeal to the Public (a)* on the subject of the *National Debt* ; and also in the chapter on *Public Credit* and the *History of the Sinking Fund* in the *Treatise on Reversionary Payments*.

I will conclude with the following extract from the last of these treatises (b).

“ Certain it is, that nothing but a plan that shall go on operating uniformly in *war* as well as *peace*, or the establishment of a *permanent* and *unalienable* fund, can do us any essential service.—
“ Establish such a fund.—Specify the payments to be made by
“ it

(a) Had the sinking fund been restored in the manner proposed in this pamphlet, and at the time it was first published, we should have been carried better through the last war, and have found ourselves now on better ground, with the prospect before us of an approaching redemption of a great part of our debts. But Lord North about that time, in speaking on the subject of this pamphlet in the House of Commons, signified his disapprobation of any fund which was to be unalienable, and which could not be applied to as a resource in a time of war ; and as he still continues, though the kingdom has been degraded and almost ruined under him, to possess a principal share in the administration of our affairs, there is little reason to entertain any hope of this or any other plan of *substantial* reformation.

The truth is, that the very circumstance of the unalienableness of a fund would render it in a time of war the best of all resources.

(b) See the Introduction to the *Treatise on Reversionary Payments*, p. 18.

“ it from year to year in the act which establishes it.—Con-
 “ sign it, as a legal right, to the care of a set of able com-
 “ missioners bound by interest as well as honour and duty to
 “ resist all encroachments upon it, and to promote its efficiency.
 “ —Supply all deficiencies which may at any time arise in the
 “ revenue, just as if no such fund existed: And whenever loans
 “ become necessary, conduct them on a plan which shall, as far as
 “ possible, facilitate redemption, and manifest an intention to re-
 “ deem.—Let THIS BE DONE, and we may soon see a more favour-
 “ able state of things.”

If it is yet possible to extricate us from our debts, and to make us
 equal to the difficulties of another war, it is this only can do it.

F I N I S.



*Just published, by the same Author, and printed for T. CADELL, in the
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